

FISCAL NOTE

HB 2842 - SB 2957

February 15, 2008

SUMMARY OF BILL: Creates the Tennessee Service Members and Dependents Grant. Authorizes grants to service members, dependent children of service members, and spouses of service members who meet specified criteria. Grant awards are \$2,000 for full-time students; \$1,000 for part-time students.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$22,528,300 in FY08-09 and by \$12,416,800 in FY09-10.

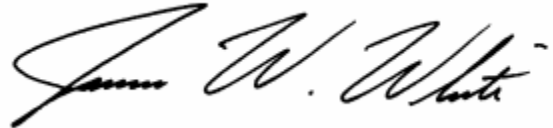
Assumptions:

- Of the 46,800 eligible veterans, it is estimated that 8.1% (3,790) will pursue the educational benefits (2,464 full-time; 1,326 part-time) in the first year (FY08-09).
- The number of dependents is estimated to be 1.75 per eligible veteran (spouses and children).
- The number of eligible dependents is estimated to be 81,900.
- Twelve percent of eligible dependents (9,828) will pursue educational benefits (6,388 full-time; 3,440 part-time) in FY08-09.
- The increase of expenditures from lottery proceeds is estimated to be \$22,470,000 $[(2,464 + 6,388) \times \$2,000] + [(1,326 + 3,440) \times \$1,000] = \$22,470,000$ in FY08-09.
- Second-year impact is estimated to be 55% of first-year impact due to several offsetting factors such as (1) differing retention rates for veterans, spouses, and dependent children, and (2) fewer veterans, spouses, and dependent children entering the program for the second year.
- The increase of expenditures from lottery proceeds is estimated to be \$12,358,500 $(\$22,470,000 \times 55\% = \$12,358,500)$ in FY09-10.
- One additional position for the Tennessee Student Assistance Corporation to administer program estimated to be \$58,300 per year (salary, benefits, supplies, communications, etc.).

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CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc